

State Budget Overview

APPROPRIATION SUMMARY & BUDGET HIGHLIGHTS

BUDGET SUMMARY

During the 2008 2nd Special General Session Utah's Legislators closed budget gaps equaling \$272.4 million ongoing and \$81.6 million one-time. This represents a 4% ongoing reduction to General Fund and Education Fund budgets. 1% of these reductions were back-filled with one-time sources of for FY 2009. The Legislature also identified \$212 million in one-time sources from items like nonlapsing balances, one-time cuts and restricted fund balances to cover the one-time shortfall.

The following are some of the highlights of the changes that were made during the Special Session according to each appropriation subcommittee:

Public Education:

Public Education was "held harmless" until FY 2010 by covering 3% cuts in FY 2009 with non-lapsing balances in public education and other budget areas. Action was taken to approve options for cuts in FY 2010 with the opportunity for further discussion on those options in the November Public Education Appropriations Subcommittee meeting as well as the pre-general session meeting to be held in January 2009. Nonlapsing balances were used from the Minimum School Program and Education Agencies (including the Utah State Office of Education, Child Nutrition Programs, State Charter School Board, and Science Outreach) totaling \$60 million.

Capital Facilities and Government Operations:

- 4% ongoing reduction to all CFGO agencies totaling \$1,071,300. Reduces current expenses budgets and three unfilled FTE positions.
- \$3.3 million reduction in the Division of Finance nonlapsing balance
- \$750,000 reduction in the Division of Risk Management retained earnings
- \$30 million ongoing decrease in the capital development budget (replaced one-time in FY 09). Removes all ongoing funding for capital development projects.
- \$15 million ongoing decrease in the capital improvement budget. Defers maintenance on some state buildings.

Economic Development and Revenue:

- The subcommittee approved an ongoing GF/EF decrease of \$4,749,000
- The subcommittee also approved a one-time decrease of \$5 million in the Sales Tax Administration Fee Account and a \$1.5 million decrease in the Tax Commission's non-lapsing balance
- The \$1.5 million will reduce the scope of the tax system modernization effort

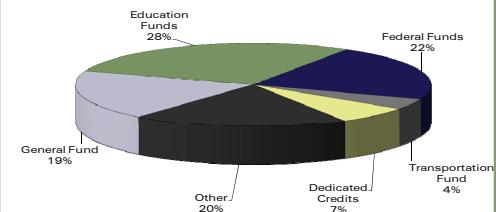
Executive Offices and Criminal Justice:

- The total General Fund decrease in the Courts' budget for FY 2009 is \$5,853,700. Ongoing General Fund reductions amount to \$4,433,000 and one-time reductions total \$1,420,700. Adjustments included those in current expense, travel, contracts, leases, and staff reduction.
- Juvenile Justice Services' General Fund decrease for FY 2009 totals \$3,568,300. Ongoing General Fund reductions total \$3,620,300 and a net increase in one-time General Funds of \$52,000 include current expenses, reductions in programming, residential placements, and staff reduction.
- The Board of Pardons and Parole total decrease in General Funds in FY 2009 is a one-time reduction of \$120,000 include transportation and nonlapsing balances.
- The Department of Corrections' total General Fund decrease for FY 2009 is \$16,460,400. Ongoing General Funds amount to \$7,868,200 while one-time funds sum to \$8,592,200. Decreases in their General Fund budget consist of reductions to administrative services, jail contracting, jail reimbursement, programming, adult probation and parole, and staff reductions.

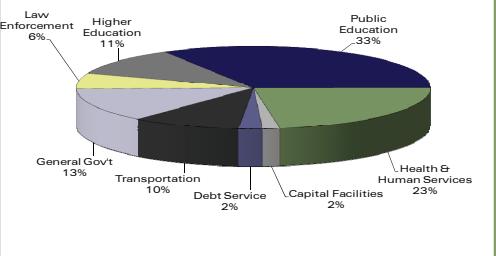
Total Budget	
FY 2007 Actual	\$10,354,190,932
State Funds	\$5,037,179,385
FY 2008 Revised	\$11,844,350,499
State Funds	\$6,043,604,778
FY 2009 Appropriated	\$11,331,981,610
State Funds	\$5,412,528,636

Percent Change FY07/FY08 Rev	14.4%
State Fund Increase/(Decrease)	20.0%
Percent Change FY08 Rev/FY09	-4.3%
State Fund Increase/(Decrease)	-10.4%

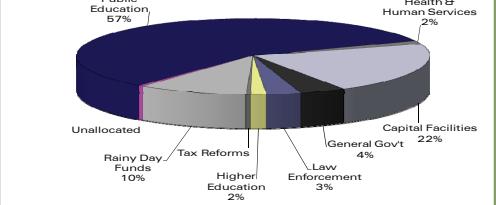
Total Appropriations by Revenue Source, FY 2009



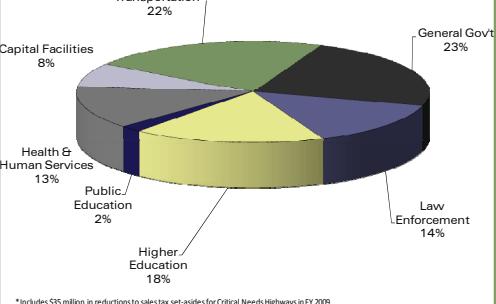
Total Appropriations by Area of Expenditure, FY 2009



Allocation of Available Revenue (\$604 Million) 2008 General Session & Second Special Session



Allocation of Budget Adjustments (\$196 Million) 2008 Second Special Session



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Transportation, Environmental Quality, and National Guard Subcommittee

- The Department of Environmental Quality's ongoing budget was reduced by \$429,200 and a one-time reduction of \$143,100. These reductions will total \$572,300 in the base budget for FY 2010. Budget reductions include \$163,700 in current expense and travel budgets and \$408,600 will eliminate 4 FTEs.
- The Utah National Guard ongoing budget for FY 2009 was reduced by \$168,000. The Legislature appropriated \$143,100 one-time to help ease into the ongoing reduction that will carry into FY 2010. Reductions are expected to include tuition assistance of \$74,000, \$64,000 in armory maintenance, and \$30,000 reduction in maintenance.
- The Veterans' Affairs budgets were reduced by \$35,600 in ongoing General Funds for FY 2009. A one-time appropriation of \$8,900 was given to help mitigate the FY 2010 base budget reduction. The cuts are expected to reduce the Veterans' Outreach program by \$26,700 and a reduction of \$8,900 to the Veterans' Cemetery operations budget.
- One-time General Fund reductions in the FY 2009 budget were taken from the Department of Transportation programs. These adjustments include \$2 million from the Seep Ridge Road project, \$1.75 million from Utah Lake environmental study, \$250,000 from Logan Airport appropriation, and \$1.5 million nonlapsing funds from Sidewalk Construction. The Department of Transportation's operating budgets were reduced by \$2,700,000. These reductions enabled the Legislature to appropriate Transportation Funds of \$2,700,000 to State Construction and then reduce the General Fund ongoing appropriation to the State Construction budget by \$2,700,000. The result to State Construction is a net effect of zero.

Health and Human Services:

- \$8,434,500 reductions in the Department of Health's Medicaid program with 65% of the reductions coming through decreases in provider reimbursements.
- \$13,949,000 one-time reductions in the Department of Health with 87% coming from 2 restricted fund balances.
- \$535,400 ongoing General Fund (GF) – Elimination of the Foster Care Citizen Review Board – the department will attempt to find other ways to incorporate the important citizen oversight of our state's foster care system within department operations.
- \$2,000,000 one-time and \$773,000 ongoing GF – Drug Offender Reform Act (DORA) – this program lost its nonlapsing balance and also \$773,000 of it's nearly \$5 million in ongoing annual budget.
- \$300,000 GF – New Disabilities Waiting List Funding - entrance into services for individuals waiting for disabilities services will be frozen at present.

Commerce and Workforce Services:

- Department of Workforce Services ongoing reduction of \$2,250,000 in General Funds for the Childcare program. These funds were replaced with federal funds. No reduction in service is expected at this time.
- Labor Commission ongoing reduction of \$220,000 in General Funds. It is anticipated that the Labor Commission will reduce current expenses to meet this reduction.
- Department of Commerce ongoing reduction of \$356,200 in Commerce Service Fund. This reduction will reduce current expenses along with a hiring freeze at the Department of Commerce.
- State Office of Rehabilitation ongoing reduction of \$671,500 in Education Funds which may reduce the case services budget in the Rehabilitation Services division.

Natural Resources:

- Department of Agriculture ongoing reduction of \$480,000 in General Funds by elimination of an unfilled admin position, elimination of pilot program, reduction of travel expenses.
- Public Lands Office ongoing reduction of \$61,800 in General Funds, which will reduce the funding for grants to counties.
- Department of Natural Resources ongoing reduction of \$1,596,600 in General Funds by elimination of the Lone Peak Nursery program and reduction of travel and current expenses.
- Appropriation from the Sovereign Land Management Account to the General Fund \$1,000,000.

Higher Education:

During the Special Session, Higher Education's FY 2009 budget was reduced by four percent, for a total of \$33,980,900. The reduction includes the following:

- Utah System of Higher Education \$30,705,300
- Utah College of Applied Technology \$2,347,600
- Utah Education Network \$900,000
- Medical Education Program \$28,000

Also during the Special Session, the Legislature approved SB 2003, "Higher Education Budget Authority" which allows each institution to reallocate appropriations made for FY 2009 between line items, up to the amount of the SB 2001 reductions, but not more than four percent of any line item. This flexibility will allow institutions to spread the reductions where they can be accommodated best.